

An Overview of the Defense Venture Catalyst Initiative

Concept

The Defense Venture Catalyst Initiative (DeVenCI) is a U.S. Department of Defense (DoD) activity that seeks to improve national security in the Global War on Terrorism (GWOT). Its objectives are to speed DoD adoption of promising new commercial technologies, and to encourage broader commercial support of the DoD supply chain. DeVenCI will use workshops, technical expositions, industry outreach, and a web portal to increase the visibility of DoD needs to commercial companies and technology area experts. It will also provide timely information to DoD users about emerging technical innovations and opportunities. DeVenCI is a catalyst initiative that does not fund the development of new technologies or businesses, but rather focuses on knowledge brokering by encouraging and facilitating the sharing of information to speed emerging solutions to DoD user needs.

History

DeVenCI originated as part of the DoD response to the terrorist attacks of September 11, 2001. Recognizing that preventing future attacks would depend critically on the DoD's ability to build broader and deeper threat detection capabilities, Secretary of Defense Donald Rumsfeld led a search for innovative ways for DoD to fight the GWOT.

One opportunity for improvement was to enable faster, more agile incorporation of emerging commercial technologies into military systems. The goals of DeVenCI were to increase DoD awareness of these technologies from non-traditional sources and to increase the awareness of DoD needs and requirements within those sources. For the DoD, obtaining an accurate understanding of technology available at small, emerging technology companies has been difficult. Additionally, emerging companies often miss or even avoid federal opportunities to the Federal Government due to lack of visibility, slow procurement processes, and the complexity of DoD acquisitions.

The strategy proposed after 9/11 for dealing with this situation was to find ways to engage private sector consultants already familiar with finding and evaluating emerging technologies and technology companies. The group that best fit this proposed role was the venture capital (VC) community, whose business model is to fund large numbers of small startups in hopes that a small percentage of them will become major successes. Since the success of venture capitalist (VCs) depends on their ability to evaluate and identify which small companies have the most promising new technologies and market potential, successful VCs tend to have an understanding of emerging technology success factors well beyond that of the DoD and federal agencies. Furthermore, VCs often control access to the very types of companies that would not normally do business with the DoD or other federal agencies, and so can illuminate technology developments that would otherwise be invisible to the DoD.

In November 2001, the DoD began an experimental initiative with a small group of venture capital consultants to improve DoD access to emerging technologies and to determine the potential benefit to DoD of such an engagement. This effort focused on how emerging Information Technology (IT) could benefit the GWOT.

The experimental DeVenCI was a success. By the end of fiscal year 2005 it had produced 15 technology and concept insertions that contributed directly to the war on terrorism, security, and information support capabilities. In addition to specific operational successes, the experimental DeVenCI also helped increase the total number of private companies aware of and interested in bidding on DoD solicitations. It increased the level of interest by the VCs in supporting DoD needs, and helped verify the initial premise that VC expertise could speed the transfer of emerging information technologies into DoD operations. Finally, the experimental DeVenCI demonstrated the benefits of coordinating and encouraging formation of a DoD venture-related community of practice.

Based on such successes, in early 2006 DoD decided that DeVenCI should be made a fully operational office. The scope of DeVenCI is expanding into a broader range of emerging technologies. Example technologies include biotechnology, energy, materials/nanotechnology, and space. Any such expansions will look first to building cooperative relationships that leverage existing venture-related DoD and federal efforts such as U. S Army's OnPoint and the Central Intelligence Agency's In-Q-Tel.

Venture Capitalist Consultants

The use of VCs as consultants is the most distinctive feature of DeVenCI. These consultants, who are selected based on an open and competitive solicitation process, are asked to help the DoD find and assess relevant emerging technologies and companies. Details about the solicitation process appear in the DeVenCI solicitation announcement, available on the Federal Business Opportunities (<http://fedbizopps.gov>) website.

Selected venture capital consultants serve for two years, and must abide by standards of conduct that require fair and impartial recommendations, which place DoD needs first. The *DeVenCI Standards of Conduct* are available on the DeVenCI home page at <http://DeVenCI.dtic.mil>.

Administration

DeVenCI uses workshops, technology expositions, industry outreach, and a web access to accomplish its goal of improving communications between the DoD and companies with emerging commercial technologies. It is managed by the Defense Research and Engineering branch of the Office of the Secretary of Defense, which also provides core resources for DeVenCI activities. The core program is responsible for tracking the full range of technology areas relevant to the DoD, but over time it will spin off technology sector initiatives that will focus on specific areas such as IT, biotechnology, energy, materials/nanotechnology, and space. The goal of each technology sector initiative will be to move oversight of that area closer to a DoD customer with a strong interest in the area.

The first such technology sector initiative is in Information Technology, and is lead by the Office of the Assistant Secretary of Defense for Networks & Information Integration / Department of Defense Chief Information Officer (ASD(NII)/DoD CIO). The IT sector will identify and speed the transfer of information technologies that move the DoD towards a network-centered model of warfighting and improve support for the DoD's Global Information Grid.

Goals

The dual objectives of speeding DoD adoption of promising new commercial technologies and encouraging broader commercial support of the DoD supply chain translate into a number of specific goals and measures. The DeVenCI goals include:

- Deployments of emerging technology solutions that directly assist in the U.S. efforts in the Global War on Terrorism,
- Deployments of emerging information technology solutions that directly assist in the transition to Network-Centric Warfare,
- Inclusion of commercial firms and private organizations new to the DoD market space into the DoD acquisition process and supply chain,
- Deployment of DoD systems whose use of emerging technical innovations was enabled by early information provided by DeVenCI to DoD acquisition or development groups,
- Commercial release of off-the-shelf products whose designs directly address DoD needs made known to the companies through DeVenCI,
- Expansion of the total range of commercial technical options available to DoD planners, developers, and users,
- Coordination with or assistance to the broader DoD community of venture-related activities, and
- Interactions with the broader federal community of venture-related activities.